Annual Report
2010 - 2011

The Cooperative Promotion Board

Manitoba

Minister of Housing
and Community Development

Room 358
Legislative Building
Winnipeg, Manitoba, CANADA
R3C 0V8

The Honourable Philip S. Lee, C.M., O.M.
Lieutenant Governor of Manitoba
Room 235 Legislative Building
450 Broadway
Winnipeg MB R3C OV8

Your Honour:

I have the privilege to present, for the information of Your Honour, the Annual Report of The Cooperative Promotion Board for the year ending March 31, 2011.

Respectfully submitted,

Original signed by Kerri Irvin-Ross

Kerri Irvin-Ross
Minister

The Cooperative Promotion Board
2nd Floor - 406 Edmonton
Winnipeg MB R3B 2M2

Honourable Kerri Irvin-Ross
Minister
Housing and Community Development
Room 358 - Legislative Building
Winnipeg MB R3C 0V8

Dear Minister:

On behalf of the Board of Directors, I have the pleasure to present to you the Annual Report of The Cooperative Promotion Board for the year ending March 31, 2011.

Respectfully submitted,

Original signed by Cindy Coker

Cindy Coker
Chairperson

TABLE OF CONTENTS

TITLE	PAGE
Members of the Board	7
Legislation	7
Activities of the Board	8
Responsibility for Financial Reporting	9
Auditors' Report	10

MEMBERS OF THE COOPERATIVE PROMOTION BOARD

MARCH 31, 2011

Cindy Coker, Chairperson	- Winnipeg, Manitoba
Joy Goertzen, Secretary	- Winnipeg, Manitoba
Norine Dohan	- Ethelbert, Manitoba
Marc Rivard	- Winnipeg, Manitoba
(The Board has 3 vacancies)	

LEGISLATION

The Cooperative Promotion Board operates under the terms of The Cooperative Promotion Trust Act. The Board acts as trustee for those surplus funds of the original Canadian Wheat Board, which were apportioned to Manitoba by the Government of Canada.

Manitoba received the sum of $128,800 in this distribution, which is invested. The Board is empowered to utilize the income from investments.

In pursuance of its objectives, the Board may make grants from the fund:

- as prizes or scholarships for any competition or studies related to the philosophy, principles, business, or affairs of cooperative organizations;
- as gifts or donations in aid of research into cooperative organizations;
- to promote education with respect to cooperatives;
- to develop and promote cooperative organizations; and
- to agricultural organizations to promote the general welfare of rural residents of the Province.

The members of the Board are appointed by the Lieutenant-Governor-in-Council.

ACTIVITIES 2010-2011

During the fiscal year ended March 31, 2011, the Board undertook the following activities:

- Held six meetings
- Considered seventeen applications for assistance; fourteen were approved by way of grants to support a variety of activities; three applications were declined; and two applications are still under review.

The following grants were approved:

- Founding Nation of Manitoba Tribal Village for the development of an educational DVD on aboriginal culture.
- South Osborne Urban Community Cooperative Inc. to hold a membership drive.
- Manitoba Cooperative Association Inc. to organize the 2010 youth camp co-op seminar.
- Canadian CED Network contribution for the 2010 national gathering conference lunch.
- Canadian Worker Cooperative Federation (CWCF) to subsidize the travel and registration cost to Manitobans attending the CWCF learning session.
- Par IT to develop free financial software to be used by worker co-ops and CED organizations.
- Parkland Agriculture Resource Co-op to complete phase one of the Parkland Community Strategy.
- Cooperative d'energie St. Claude to develop a website to promote the co-op and recruit members.
- Cooperative d'energie De Salaberry to develop a website to promote the co-op and recruit members.
- Western Feed Grain Development Co-op Ltd for yearly advertisements, trade shows and brochures.
- University of Winnipeg - Summer Institute Week to organize an educational week on the social economy.
- Albert Street Marketing Zone Co-op to create a booklet on the experience of getting different co-ops together.
- Peg City Car Co-op to recruit new members to the co-op.
- Manitoba Organic Marketplace Association Trade Co-op to develop promotional material and promote organic consumption.

The Auditor's Report, together with the Financial Statements for the fiscal year ended March 31, 2011 follow.

The Cooperative Promotion Board
2nd Floor - 406 Edmonton
Winnipeg MB R3B 2M2

September 1, 2011

The Cooperative Promotion Board

Responsibility for Financial Reporting

The accompanying financial statements and other financial information in the Annual Report for the year ended March 31, 2011, are the responsibility of management and have been approved by the Board. The financial statements were prepared by management in accordance with Canadian generally accepted accounting principles. Any financial information contained elsewhere in the Annual Report conforms to these financial statements.

As management is responsible for the integrity of the financial statements, management has established systems of internal control to provide reasonable assurance that assets are properly accounted for and safeguarded from loss.

The responsibility of the Office of the Auditor General is to perform an independent examination of the financial statements of the Board in accordance with Canadian generally accepted auditing standards. The Auditor's Report outlines the scope of the audit examination and provides the audit opinion.

Original signed by Cindy Coker

Cindy Coker
Chairperson of the Board

AUDITOR GENERAL

INDEPENDENT AUDITOR'S REPORT

To the Legislative Assembly of Manitoba
To the Members of the Cooperative Promotion Board

We have audited the accompanying financial statements of Cooperative Promotion Board, which comprise the balance sheet as at March 31, 2011, and the General Account – statement of revenue and expense and fund balance, the Commercial Fishing Account – statement of revenue and expense and fund balance and the statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Cooperative Promotion Board as at March 31, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Office of the Auditor General

Office of the Auditor General
September 1, 2011
Winnipeg, Manitoba

The Cooperative Promotion Board

Balance Sheet
as at March 31, 2011

	2011	2010
ASSETS		
General Account		
Current Assets		
Cash (Note 3)	$ 84,762	$ 115,549
Account Receivable	2,699	2,650
Prepaid Expenses	-	587
Investment (Note 4)	204,512	-
Total Current Assets	291,973	118,786
Investment (Note 4)	-	200,000
Total General Account	291,973	318,786
Commerical Fishing Account		
Current Assets		
Cash (Note 3)	73,235	72,654
Total Current Assets	73,235	72,654
Investment (Note 4)	544	533
Total Commercial Fishing Account	73,779	73,187
Total Assets	$ 365,752	$ 391,973
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts Payable - General Account	$ 1,000	$ 3,500
Fund Balances		
General Account - Contributed Capital	128,800	128,800
General Account	#REF!	186,486
Commerical Fishing Account (Note 5)	#REF!	73,187
	#REF!	388,473
Total Liabilities and Fund Balances	#REF!	$ 391,973

Approved on behalf of the Board

Original signed by Cindy Coker _____ Chairperson

Original signed by Joy Goertzen _____ Secretary

The Cooperative Promotion Board

General Account
Statement of Revenue and Expense and Fund Balance
for the year ended March 31, 2011

	2011	2010
Revenue		
Interest	$ 5,615	$ 4,558
Administrative expenses paid for by the Province of Manitoba (Note 2e)	24,658	22,741
Total Revenue	30,273	27,299
Expense		
Grants (Schedule 1)	28,796	9,900
General and Administrative		
Annual Report	1,543	439
Board Members' Remuneration	1,099	495
Board Members' Meals and Travel	1,920	640
Liability Insurance	1,032	84
Membership Fee	849	824
Miscellaneous	61	59
Professional Fees	3,449	3,492
Administrative Expenses (Note 2e)	15,837	18,491
Total General and Administrative	25,790	24,524
Total Expense	54,586	34,424
Excess of Expense over Revenue	(24,313)	(7,125)
Fund Balance, beginning of year	186,486	193,611
Fund Balance, end of year	$ 162,173	$ 186,486

The Cooperative Promotion Board

Commerical Fishing Account
Statement of Revenue and Expense and Fund Balance
for the year ended March 31, 2011

	2011	2010
Revenue		
Interest	$ 582	$ 369
Dividend	11	10
Total Revenue	593	379
Expense		
Miscellaneous	1	-
Total Expense	1	-
Excess of Revenue over Expense	592	379
Fund Balance, beginning of year	73,187	72,808
Fund Balance, end of year	$ 73,779	$ 73,187

The Cooperative Promotion Board

Statement of Cash Flow
for the year ended March 31, 2011

	General Account	Commercial Fishing Account	2011	2010
Excess of Revenue Over (Under) Expense	$ (24,313)	$ 592	$ (23,721)	$ (6,746)
Cash Flows from Operating Activities				
Changes in working capital balances				
(Increase)/Decrease in Accounts Receivable	(49)		(49)	(2,142)
(Increase)/Decrease in Prepaid Expenses	587		587	(587)
(Decrease)/Increase in Accounts Payable	(2,500)		(2,500)	-
Cash Flows from Investing Activities				
Purchase of GIC	(4,512)		(4,512)	(200,000)
Dividend from ACU Shares		(11)	(11)	(10)
Increase/(Decrease) in Cash	(30,787)	581	(30,206)	(209,485)
Cash Balance at Beginning of the Year	115,549	72,654	188,203	397,688
Cash Balance at End of the Year	$ 84,762	$ 73,235	$ 157,997	$ 188,203
Supplementary Information:				
Interest Received	$ 5,566	$ 582	$ 6,148	$ 2,735

The Cooperative Promotion Board

Notes to the Financial Statements
For the year ended March 31, 2011

1. Nature and Objectives of the Board

The Cooperative Promotion Board (the Board) operates under the terms of The Cooperative Promotion Trust Act (The Act), which came into force on December 20, 1988. The Board is a continuation of the Board established under The Wheat Board Money Trust Act. The Wheat Board Money Trust Act was repealed when the Cooperative Promotion Trust Act came into force. The Department of Housing and Community Development administers the activities of the Board.

General Account

The General Account funds controlled by the Board consist of surplus funds of the original Canadian Wheat Board, apportioned to Manitoba by the Government of Canada (recorded as Contributed Capital), assets vested in the Board when the Cooperative Promotion Trust Act came into force, and assets acquired by the Board.

The objectives of the Board with regard to the General Account are to assist in the development of cooperative organizations, to promote the general welfare of cooperative organizations and rural residents in Manitoba and to make recommendations to the Minister responsible with respect to cooperative organizations and related legislation.

Commercial Fishing Account

The Commercial Fishing Account consists of funds donated by Northern Cooperative Services Ltd. As a condition of the donation, these funds are to be used exclusively for the promotion and development of commercial fishing in Manitoba

2. Significant Accounting Policies

a) **General**
These financial statements are prepared in accordance with Canadian generally accepted accounting principles (GAAP) for not-for-profit entities.

b) **Future Accounting Changes**
Effective April 1, 2012 the Board will be adopting government not-for-profit standards issued by the Public Sector Accounting Board (PSAB). The Board is currently in the process of quantifying the impact these changes will have on its financial position.

c) **Financial Instruments**

Financial assets and liabilities are initially recorded at fair value. Measurement in subsequent periods depends on the financial instrument's classification. The Board is required to designate its financial instruments into one of the following five categories: held for trading; available for sales; held to maturity; loans and receivables; and other financial liabilities. All financial instruments classified as held for trading or available for sale are subsequently measured at fair value with any change in fair value recorded in net earnings and fund balance, respectively. All other financial instruments are subsequently measured at amortized cost.

The financial instruments of the Board consist of cash, accounts receivable, investments and accounts payable.

The Board has designated its financial instruments as follows:

Cash is classified as financial assets held for trading and is measured at fair value with gains and losses recognized in net earnings. Due to the redeemable nature of this financial asset, carrying value is considered to be fair value.

Investment held in the General Account is classified as financial assets held to maturity and is measured at amortized cost using the effective interest method. At March 31, 2011, the fair value of the investment approximates its carrying value due to its short period to maturity.

Investment held in the Commercial Fishing Account is classified as financial assets held for trading and is measured at fair value with gains and losses recognized in net earnings. Due to the lack of an active market, cost is considered to be fair value.

Accounts receivable are classified as loans and receivables. These financial assets are recorded at their amortized cost using the effective interest method.

Accounts payable are classified as other financial liabilities. These financial liabilities are recorded at their amortized cost using the effective interest method.

It is management's opinion that the Board is not exposed to significant credit, liquidity, interest rate or foreign currency risk arising from these financial instruments.

The fair value of accounts receivable and accounts payable approximates their carrying values due to their short-term nature.

The Board continues to apply *Section 3861 Financial Instruments – Disclosure and Presentation.*

d) **Use of Estimates**
The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

e) **Revenue Recognition**
Interest Revenue – Interest revenue earned from cash balances on hand and the Guaranteed Investment Certificate (GIC) are recorded on an accrual basis.

Administrative Expenses Paid for by the Province of Manitoba – The Province of Manitoba provides the services of support staff, other administrative support services, office space and utilities. The cost of support staff for 2011 is estimated at $15,837 (2010-$18,491) with another $8,821 (2010-$4,250) for provincially paid identified expenses. The costs of other administrative support services, office space and utilities are deemed too difficult to estimate and as such no amount has been determined.

f) **Related Party Transactions**
The Board is related in terms of common ownership to all Province of Manitoba created Departments, Agencies, Boards and Crown Corporations. The Board enters into transactions with these entities in the normal course of operations and they are measured at the exchange rate amount agreed to by the related parties.

3. Cash

General Account

The cash balance for the General Account includes $84,762 (2010-$103,540) held in a high yield savings account at Assiniboine Credit Union at a fixed rate of 1.25% effective March 31, 2011. Interest is paid monthly.

Commercial Fishing Account

The cash balance for the Commercial Fishing Account is held in a high yield savings account at Assiniboine Credit Union at a fixed rate of 1.25% effective March 31, 2011. Interest is paid monthly.

4. Investments

General Account	2011	2010
Assiniboine Credit Union – Non-cashable GIC Term October 5, 2009 – October 5, 2011 Interest Rate 2.25%, compounded daily Interest paid annually	$204,512	$200,000

Commercial Fishing Account	2011	2010
Assiniboine Credit Union – Surplus Shares	$544	$533

5. Commercial Fishing Account

During 1993 and 1994, Northern Cooperative Services Ltd. donated $41,724 to the Board subject to the condition that these funds are to be used exclusively for the promotion and development of commercial fishing in Manitoba. These funds have earned interest and the balance available at March 31, 2011 is $73,779 (2010 $73,187).

6. Compensation Disclosure

The Public Sector Compensation Disclosure Act requires disclosure of the aggregate compensation paid to the Cooperative Promotion Board members and of individual compensation paid to board members or staff where such compensation exceeds $50,000 per year. For the period of April 1, 2010 to March 31, 2011, the Cooperative Promotion Board paid Board members an aggregate of $1,099. No individuals received compensation greater than $50,000.

7. Commitments

As of March 31, 2011, the Board has approved grants in the amount of $37,025, for which the grant applicants had not yet met the payment conditions. If the payment conditions relating to these grants are met in the future, the commitments will be funded by the General Account.

8. Capital Disclosures

The Board's objective when managing its capital is to maintain sufficient capital to cover its costs of operations. The Board's capital consists of Contributed Capital, the General Account Fund Balance as well as the Commercial Fishing Account Fund Balance.

The Board meets its capital objectives through interest revenue earned.

The Board is subject to externally imposed capital requirements as imposed by Section 4(6) of The Act. This Section requires that the Board maintain a minimum realizable value of $129,000, essentially the amount of the Contributed Capital. The Board complied with the externally imposed capital requirements during the year.

9. Comparative Figures

Certain comparative figures have been reclassified to conform with current year presentation.

Schedule of Grants
for the year ended March 31, 2011

General Account	2011	2010
Canadian CED Network	$ 3,000	$ -
Canadian Worker Cooperative Federation	3,600	-
Conseil de Developpement Economique des Municipalites	5,000	-
Co-op Ventures Worker Co-op	3,000	3,000
CoopZone	800	-
Farmers' Markets Association of Manitoba	-	3,400
Manitoba Cooperative Association Inc.	4,000	3,000
Pollock's Hardware Co-op	5,000	-
S E E D Winnipeg Inc.	2,400	-
Western Feed Grain Development Co-op Ltd	1,996	500
Total of Grants	$ 28,796	$ 9,900